



## PRESS RELEASE

### **QUARTER RESULTS TO 30 SEPTEMBER 2006 APPROVED**

**TOTAL REVENUES UP +3,6% IN THE PERIOD TO 236,4 MILLION EURO**

**EBITDAR UP 14,1% IN THE PERIOD TO 30,8 MILLION EURO**

**NET RESULT OF THE NINE MONTHS -6,6 MILLION EURO**

**5,4 MILLION EURO NET PROFIT IN THIRD QUARTER**

Milan, 13 November 2006 – Eurofly's Board of Directors met today under the chairmanship of Mr. Giuseppe Bonomi approved quarter results to 30 September 2006, prepared in accordance with the International Financial Reporting Standard (IFRS).

### **Economic and financial results**

In the period, total revenues increased by +3,6%, to 236,4 million Euro, thanks to the growth posted by the Long Haul (both flight hours and revenues per flight hours improved) and "All Business" Milan – New York (A319's activity began in May 2006). Medium Haul revenues decreased in the period, due to the reduction in available fleet (in 2006 no wet lease in the summer season) and the sales mix (ACMI activity characterized by lower yield). EBITDAR in the period grew both in absolute (from 27 million Euro to 30,8, +14,1%) and relative value (from 12% to 13,3%) thanks to the savings on operative and wet lease costs, which more than offset the higher fuel costs. EBITDA decreased in absolute term (from 7,1 million Euro to 4,8) and in marginality (from 3,1% to 2,1%), following the increasing leasing costs. As a consequence EBIT decreased from 3,3 to -2,2. The 6,6 million Euro net loss in the period (vs the 3,2 million Euro net profit reported in 2005) is also due to financial charges.

Net financial position at the end of September is negative for 9,4 million Euro, the net equity amounted to 39,3 million Euro.

### **Third quarter results**

Revenues from sales and services in the third quarter grew by 3,1% from the level reached in the same period of 2005, thanks to the good performance of the Long Haul and the contribution of the All Business, more than offsetting the decrease of the Medium Haul. EBITDAR in the quarter amounted to 17,1 million Euro, in line with third quarter of 2005. The decrease of the EBITDA (from 9,1 to 8,5 million Euro) is due to the higher leasing costs. The provisions for maintenance fund caused the reduction of the EBIT (from 7,7 to 6,8 million Euro). The third quarter posted a 5,4 million Euro net profit (vs 6,4 net profit in 2005).

### **Main events occurred after the nine months period**

In order to replace EADS Sogerma in the supply of maintenance services, Eurofly and SR Technics (one of the worldwide leaders in the aircraft, engines and spare parts maintenance services) signed a 10 year contract, starting from 2<sup>nd</sup> November 2006. In the mean time, SR Technics took the commitment regarding the creation of a Company for the scheduled flight maintenance based in Malpensa.

### **Predictable development of operations**

Due to the well known events that negatively affected the results of the first part of the current year (the negative trend of the exogenous variables and extension of the start up phase of the All Business activity) Eurofly confirm the expectations of a net loss at the end of 2006.

Following the income statement, the balance sheet and the cash flow statement of the period of January-September 2006, prepared in accordance with the International Financial Reporting Standard (IFRS)

2005	% on revenues	Riclassified income statement	Jan - Sept 2006	% on revenues	Jan - Sept 2005	% on revenues	Change	Change %
<i>Euro/000</i>								
271.475	100,0%	Revenues from sales and services	230.685	100,0%	224.656	100,0%	6.029	2,7%
5.986	2,2%	Other revenues and income	5.682	2,5%	3.548	1,6%	2.134	60,1%
<b>277.461</b>	<b>102,2%</b>	<b>Total revenue</b>	<b>236.367</b>	<b>102,5%</b>	<b>228.204</b>	<b>101,6%</b>	<b>8.163</b>	<b>3,6%</b>
2.674	1,0%	Direct commercial expenses	5.437	2,4%	2.718	1,2%	2.719	100,0%
72.535	26,7%	Jet Fuel	70.899	30,7%	59.193	26,3%	11.705	19,8%
39.143	14,4%	Staff costs	30.442	13,2%	30.588	13,6%	-146	-0,5%
33.137	12,2%	Materials and maintenance services	30.912	13,4%	27.182	12,1%	3.730	13,7%
84.156	31,0%	Other operating costs and wet lease	55.015	23,8%	72.313	32,2%	(17.298)	-23,9%
14.280	5,3%	Other commercial and corporate costs	12.876	5,6%	9.227	4,1%	3.649	39,5%
27.034	10,0%	Operative rentals	26.014	11,3%	19.918	8,9%	6.096	30,6%
4.836	1,8%	Depreciation and amortization	4.758	2,1%	3.026	1,3%	1.732	57,2%
2.000	0,7%	Other provisions	1.487	0,6%	300	0,1%	1.187	395,6%
559	0,2%	Provisions for risk and charges	728	0,3%	435	0,2%	293	67,3%
<b>280.357</b>	<b>103,3%</b>	<b>Total costs</b>	<b>238.566</b>	<b>103,4%</b>	<b>224.900</b>	<b>100,1%</b>	<b>13.667</b>	<b>6,1%</b>
<b>(2.896)</b>	<b>-1,1%</b>	<b>Operating results</b>	<b>(2.199)</b>	<b>-1,0%</b>	<b>3.304</b>	<b>1,5%</b>	<b>(5.504)</b>	<b>-166,6%</b>
(225)	-0,1%	Financial income /(charges)	3.862	1,7%	123	0,1%	3.739	3043,7%
<b>(2.671)</b>	<b>-1,0%</b>	<b>Pre tax profit</b>	<b>(6.061)</b>	<b>-2,6%</b>	<b>3.182</b>	<b>1,4%</b>	<b>(9.243)</b>	<b>-290,5%</b>
1.685	0,6%	Tax charges	504	0,2%	1.548	0,7%	(1.044)	-67,5%
(1.581)	-0,6%	(Profit)/Loss on sales of assets	0	0,0%	(1.581)	-0,7%	1.581	-100,0%
<b>(2.775)</b>	<b>-1,0%</b>	<b>Net profit/(Loss)</b>	<b>(6.565)</b>	<b>-2,8%</b>	<b>3.214</b>	<b>1,4%</b>	<b>(9.779)</b>	<b>-304,2%</b>

**Reclassified balance sheet**

<b>30.09.05</b>	<b>30.09.06</b>	<b>31.12.05</b>	<b>Change</b>
54.707 Tangible fixed assets	57.662	59.902	(2.240)
6.549 Other intangibles	4.484	5.240	(756)
31.007 Other long term and financial investments	19.635	34.981	(15.346)
1.172 Deferred tax assets	3.922	2.887	1.035
<b>93.435 Total non current assets</b>	<b>85.703</b>	<b>103.009</b>	<b>(17.306)</b>
2.063 Stocks	2.782	2.140	642
53.369 Trade receivables and other receivables	50.372	45.978	4.395
4.979 Other assets	15.385	6.415	8.970
23.210 Cash and cash equivalents	38.558	40.749	(2.190)
<b>83.622 Total current assets</b>	<b>107.097</b>	<b>95.282</b>	<b>11.816</b>
<b>0 Non current assets for disposal</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>177.057 Total assets</b>	<b>192.800</b>	<b>198.291</b>	<b>(5.491)</b>
7.065 Share capital	13.355	12.965	390
4.159 Reserves	32.486	33.285	(799)
3.214 Profit / (losses)	(6.565)	(2.775)	(3.790)
<b>14.439 Total net equity</b>	<b>39.277</b>	<b>43.476</b>	<b>(4.200)</b>
30.811 Long term loans	32.869	34.874	(2.005)
130 Deferred tax liabilities	357	185	172
3.243 Long term provision for risk and charges	3.483	3.049	434
<b>34.183 Total non current liabilities</b>	<b>36.710</b>	<b>38.108</b>	<b>(1.398)</b>
70.250 Trade payables and other liabilities	81.040	80.590	451
43.144 Short term loans	26.013	26.671	(658)
8.040 Current portion on long term loans	2.304	2.203	101
7.001 Short term provisions for risk and charges	7.457	7.243	214
<b>128.435 Total current liabilities</b>	<b>116.814</b>	<b>116.707</b>	<b>107</b>
<b>0 Non current liabilities for disposal</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>177.057 Total net equity and liabilities</b>	<b>192.800</b>	<b>198.291</b>	<b>(5.491)</b>

<b>CASH FLOW STATEMENT</b>			
<b>30-Sep-05</b>		<b>30-Sep-06</b>	<b>31-Dec-05</b>
<b>(4.863)</b>	<b>A. - CASH AND CAHS EQUIVALENT AT THE BEGINNING OF THE PERIOD</b>	<b>14.077</b>	<b>(4.863)</b>
	<b>B.- CASH FLOWS (TO)/ FROM OPERATIONS</b>		
3.214	Profit (loss) of the year	(6.565)	(2.775)
3.026	Depreciation and amortization	4.758	4.836
(1.581)	Gains from fixed assets disposal	-	(1.581)
-	Write down of fixed assets	-	-
(21.445)	Net change in working capital	(9.269)	(7.820)
315	Net variation of staff leaving indemnity	434	121
<b>(16.471)</b>		<b>(10.641)</b>	<b>(7.218)</b>
	<b>C.- CASH FLOWS FROM/(FOR) DISPOSAL/(INVESTMENT) IN FIXED ASSEST</b>		
	Investments in fixed assets:		
(3.508)	* Intangible	(623)	(2.622)
(40.122)	* Tangible	(1.248)	(46.710)
(13.385)	* Financial	(921)	(17.290)
25.262	Proceeds from the sales of fixed assets	5.534	25.199
<b>(31.753)</b>		<b>2.742</b>	<b>(41.423)</b>
	<b>D.- CASH FLOWS FROM FINANCIAL ACTIVITY</b>		
-	Shareholders loan	-	4.500
-	Financial receivables for LAG acquisition	(5.000)	-
28.773	Withdrawal of the A319 financial loan	-	28.773
4.302	Policy disposal	10.841	4.302
5.860	Sale of capitalization contracts	-	-
(239)	Loan redemption	(486)	(239)
(543)	Payment of A319 financial loan installments	(1.417)	(957)
<b>38.152</b>		<b>3.937</b>	<b>36.379</b>
	<b>E. - CASH FLOW FROM OPERATIONS ON EQUITY</b>		
-	Increase of share capital	390	5.900
(5.000)	Dividends	-	(5.000)
-	Share capital variations connected to the finalization of the listing process	2.039	30.303
<b>(5.000)</b>		<b>2.429</b>	<b>31.203</b>
<b>(15.071)</b>	<b>F. - CASH FLOWS DURING THE PERIOD (B+C+D+E)</b>	<b>(1.532)</b>	<b>18.940</b>
<b>(19.934)</b>	<b>G. - CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD (A+F)</b>	<b>12.545</b>	<b>14.077</b>

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